

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**For the Year Ended February 29, 2004**

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# Seber, Tans, Dillenbeck, Howard & Craft, PLC

*Consultants & Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

To the Village Council  
Village of Bloomingdale, Michigan

We have audited the accompanying general purpose financial statements of Village of Bloomingdale, Michigan as of and for the year ended February 29, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Bloomingdale, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Bloomingdale, Michigan as of February 29, 2004, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis only and are not a required part of the general purpose financial statements of Village of Bloomingdale, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Seber Tans Dillenbeck Howard & Craft PLC*

Seber Tans Dillenbeck Howard & Craft, PLC  
Kalamazoo, Michigan

July 13, 2004

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS**  
**February 29, 2004**

	<b>Governmental Funds</b>		<b>Proprietary Fund</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Enterprise</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 204,563	\$ 9,020	\$ 325,012
Accounts receivable	15,957	6,248	6,575
Due from other funds	---	9,318	17,423
Property and equipment, net, where applicable, of accumulated depreciation	---	---	387,476
Amount to be provided for retirement of long-term debt	---	---	---
<b>TOTAL ASSETS</b>	<b>\$ 220,520</b>	<b>\$ 24,586</b>	<b>\$ 736,486</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,045	\$ 1,033	\$ ---
Other current liabilities	6,787	2,029	---
Due to other funds	26,741	---	---
Customer deposits	---	---	1,455
Long-term debt	---	---	---
<b>TOTAL LIABILITIES</b>	<b>35,573</b>	<b>3,062</b>	<b>1,455</b>
<b>EQUITY AND OTHER CREDITS</b>			
Investment in fixed assets	---	---	---
Contributed capital	---	---	622,894
Retained earnings	---	---	112,137
Fund balances			
Unreserved			
Designated for subsequent years' expenditures	---	---	---
Undesignated	184,947	21,524	---
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>184,947</b>	<b>21,524</b>	<b>735,031</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 220,520</b>	<b>\$ 24,586</b>	<b>\$ 736,486</b>

*The Accompanying Notes are an Integral Part of These Financial Statements*

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Account Groups		
General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
\$ ---	\$ ---	\$ 538,595
---	---	28,780
---	---	26,741
250,788	---	638,264
---	37,605	37,605
<u>\$ 250,788</u>	<u>\$ 37,605</u>	<u>\$ 1,269,985</u>

\$ ---	\$ ---	\$ 3,078
---	---	8,816
---	---	26,741
---	---	1,455
---	37,605	37,605
---	37,605	77,695
250,788	---	250,788
---	---	622,894
---	---	112,137
---	---	---
---	---	206,471
<u>250,788</u>	<u>---</u>	<u>1,192,290</u>
<u>\$ 250,788</u>	<u>\$ 37,605</u>	<u>\$ 1,269,985</u>

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended February 29, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>REVENUES</b>			
Taxes	\$ 100,903	\$ 11,719	\$ 112,622
Licenses and permits	953	---	953
Intergovernmental revenues	69,447	49,232	118,679
Charges for services	673	---	673
Interest	60	14	74
Miscellaneous	49,823	282	50,105
<b>TOTAL REVENUES</b>	<u>221,859</u>	<u>61,247</u>	<u>283,106</u>
<b>EXPENDITURES</b>			
General government	75,732	---	75,732
Public safety	50,908	---	50,908
Public works	81,877	50,384	132,261
Recreation and culture	15,910	---	15,910
Capital outlay	5,950	---	5,950
<b>TOTAL EXPENDITURES</b>	<u>230,377</u>	<u>50,384</u>	<u>280,761</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(8,518)	10,863	2,345
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>193,465</u>	<u>10,661</u>	<u>204,126</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$ 184,947</u></u>	<u><u>\$ 21,524</u></u>	<u><u>\$ 206,471</u></u>

*The Accompanying Notes are an Integral Part of These Financial Statements*

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended February 29, 2004**

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	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Fav (Unfav)</b>
<b>REVENUES</b>			
Taxes	\$ 121,729	\$ 100,903	\$ (20,826)
Licenses and permits	2,000	953	(1,047)
Intergovernmental revenues	68,619	69,447	828
Charges for services	---	673	673
Interest	---	60	60
Miscellaneous	2,157	49,823	47,666
<b>TOTAL REVENUES</b>	<b>194,505</b>	<b>221,859</b>	<b>27,354</b>
<b>EXPENDITURES</b>			
General government	66,526	75,732	(9,206)
Public safety	51,800	50,908	892
Public works	83,872	81,877	1,995
Recreation and culture	15,300	15,910	(610)
Capital outlay	6,000	5,950	50
<b>TOTAL EXPENDITURES</b>	<b>223,498</b>	<b>230,377</b>	<b>(6,879)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (28,993)</b>	<b>(8,518)</b>	<b>\$ 20,475</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>		<b>193,465</b>	
<b>FUND BALANCES AT END OF YEAR</b>		<b>\$ 184,947</b>	

*The Accompanying Notes are an Integral Part of These Financial Statements*

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**Special Revenue Funds**

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<b>Budget</b>	<b>Actual</b>	<b>Variance Fav (Unfav)</b>
\$ 6,054	\$ 11,719	\$ 5,665
---	---	---
14,115	49,232	35,117
---	---	---
---	14	14
---	282	282
<u>20,169</u>	<u>61,247</u>	<u>41,078</u>
---	---	---
---	---	---
30,800	50,384	(19,584)
---	---	---
---	---	---
<u>30,800</u>	<u>50,384</u>	<u>(19,584)</u>
<u>\$ (10,631)</u>	10,863	<u>\$ 21,494</u>
	<u>10,661</u>	
	<u><b>\$ 21,524</b></u>	



**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED**  
**EARNINGS – PROPRIETARY FUND TYPE**  
**For the Year Ended February 29, 2004**

	<b>Enterprise Fund</b>
OPERATING REVENUES	
Charges for services	\$ 28,825
OPERATING EXPENSES	
Depreciation	21,980
Wages and benefits	21,231
Repairs and maintenance	4,289
Miscellaneous	4,137
Equipment rental	2,513
Utilities	1,977
Supplies	1,089
Professional fees	508
TOTAL OPERATING EXPENSES	<u>57,724</u>
OPERATING LOSS	(28,899)
NON-OPERATING INCOME	
Interest income	4,875
Miscellaneous income	4,039
TOTAL NON-OPERATING INCOME	<u>8,914</u>
NET LOSS	(19,985)
Add depreciation on contributed assets acquired with capital grants	<u>19,624</u>
DECREASE IN RETAINED EARNINGS	(361)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>112,498</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$ 112,137</u></u>

*The Accompanying Notes are an Integral Part of These Financial Statements*

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE**  
**For the Year Ended February 29, 2004**

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (28,899)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	21,980
Decrease (increase) in:	
Accounts receivable	5,382
Due from other funds	(1,819)
Increase in:	
Customer deposits	1,455
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,901)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of property and equipment	(2,974)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and other non-operating income	<u>8,914</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,039
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>320,973</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 325,012</b></u>

*The Accompanying Notes are an Integral Part of These Financial Statements*

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

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**NOTE A – Summary of Significant Accounting Policies**

The accounting policies of Village of Bloomingdale, Michigan (the Village) are in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village or primary government. In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units based on applying the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The Village has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit.

Basis of Presentation

The accounts of the Village are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with the finance related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. Accounting groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The financial activities of the Village are recorded in separate funds and account groups, categorized as follows:

*Governmental Funds*

**General Fund:** This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, state and federal aid, and charges for services. The fund includes the general operating expenditures of the Village.

**Special Revenue Funds:** These funds are used to account for specific revenue sources (other than expendable trusts for major capital projects) generally derived from state and federal grants, General Fund appropriations, and charges for services which are to be expended for specific purposes as dictated by legal, regulatory, or administrative requirements.

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

*Proprietary Funds*

Enterprise Fund: This fund accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Account Groups*

General Fixed Asset: This account group presents the fixed assets of the Village utilized in its operations, other than those fixed assets recorded in the proprietary fund.

General Long-Term Debt: This account group presents the balance of general obligation long-term debt that is not recorded in the proprietary fund.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund types use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

The proprietary fund is accounted for on a cost-of-service measurement focus, using the accrual basis of accounting.

The Village applies all Governmental Accounting Standards Board pronouncements as well as the Financial Accounting Standards Board pronouncements, unless those pronouncements conflict or contradict Governmental Accounting Standards Board pronouncements.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, demand deposits and short-term investments with maturity of three months or less when acquired are considered to be cash equivalents.

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Taxes Receivable

The Village's tax is levied on each July 1<sup>st</sup> on the taxable valuation of property (as defined by state statutes) located in the Village as of the preceding December 31<sup>st</sup>. Uncollected taxes are purchased by the County within 120 days following the close of the fiscal year of the tax levy. Uncollectible accounts are charged back to the Village by the County.

Fixed Assets

Fixed assets of all funds are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their fair market value on the date donated.

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in governmental funds and are not depreciated. Public domain "infrastructure" general fixed assets consisting of certain improvements, other than buildings (including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), are not capitalized. Proprietary funds fixed assets are recorded in the respective fund and depreciated using the straight-line method. Estimated useful lives are as follows:

Treatment facility	50 years
Sewer system	50 years
Machinery and equipment	5-10 years

The depreciation on the portion of assets funded through grants has been charged against the appropriate contributed capital account.

Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Fund Equity

Contributed capital is recorded in proprietary funds for capital grants or contributions from customers or other funds. Reserves of fund equity represent portions of fund equity appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Total Column on Combined Statements – Overview

The total column on the combined statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America.

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

**NOTE B – Legal Compliance**

Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the December Village Council meeting, the Village President submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to March 1<sup>st</sup>, the budget is legally adopted by the Village Council.
4. The Village President is authorized to transfer up to \$1,000 of budgeted amounts between activities within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Major Street Fund, Local Street Fund, and Water and Sewer Fund.
6. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Village Council.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Village's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of the Village for these budgeted funds were adopted on the line item level.

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

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**NOTE C – Cash and Investments**

The captions on the combined balance sheet relating to cash and the amounts in the total column (memorandum only) are as follows:

Cash and cash equivalents	<u>\$ 538,595</u>
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A summary of the deposits by type are:

Cash in demand accounts	\$ 199,611
Cash in savings accounts	<u>338,984</u>
	<u>\$ 538,595</u>

Michigan Compiled Law authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchased; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated one bank for deposit of the Village's funds. The investment policy adopted by the Village Council has authorized investments in bonds and securities of the United States government, bank accounts, and certificates of deposit, but not the remainder of State statutory authority as listed above.

Cash deposits and investments are classified according to credit risk to give an indication of the level of risk assumed by the Village at February 29, 2004. The categories are described as follows:

Category 1: Insured or collateralized with securities held by the Village or by its agent in the Village's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.

Category 3: Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village's name.

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

**NOTE C – Cash and Investments (Continued)**

At February 29, 2004, the Village's bank balance in cash deposits including checking and savings accounts included:

	Bank Balance - Risk Category			Total Bank Balance	Carrying Amount
	1	2	3		
Cash	<u>\$ 100,000</u>	<u>\$ ---</u>	<u>\$ 440,667</u>	<u>\$ 540,667</u>	<u>\$ 538,595</u>

**NOTE D – General Fixed Assets**

A summary of changes in general fixed assets are as follows:

	March 1, 2003	Additions	Disposals	February 29, 2004
Land	\$ 24,000	\$ ---	\$ ---	\$ 24,000
Buildings	137,494	---	---	137,494
Machinery and equipment	94,616	---	(16,650)	77,966
Office equipment and furniture	11,328	---	---	11,328
Total	<u>\$ 267,438</u>	<u>\$ ---</u>	<u>\$ (16,650)</u>	<u>\$ 250,788</u>

A summary of proprietary fund type fixed assets at February 29, 2004 is as follows:

Land	\$ 22,640
Treatment facility	377,400
Sewer system	411,641
Machinery and equipment	57,168
	<u>868,849</u>
Less accumulated depreciation	(481,373)
Net fixed assets	<u>\$ 387,476</u>

**NOTE E – Interfund Receivables and Payables**

The composition of interfund balances as of February 29, 2004, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$ 17,423
Local Street Fund	General Fund	6,355
Major Street Fund	General Fund	2,963
		<u>\$ 26,741</u>



**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the Year Ended February 29, 2004**

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**NOTE F – Long-Term Debt**

Long-term debt represents a drainage assessment payable to Van Buren County for construction and maintenance of the Houghton Drain. The original amount is payable in eight annual installments of \$12,535. The Village is not required to pay interest on the assessment.

Future maturities for years ended February 29 are as follows:

2005	\$ 12,535
2006	12,535
2007	12,535
	<u>\$ 37,605</u>

**NOTE G – Risk Management**

The Village is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee health and medical claims.

The risks of loss arising from general liability up to \$2 million, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

**NOTE H – Contributed Capital**

A schedule of changes in contributed capital of the proprietary fund type for the year ended February 29, 2004, follows:

Balance at beginning of year	\$ 642,518
Less grant funded depreciation	(19,624)
Balance at end of year	<u>\$ 622,894</u>

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**SCHEDULE OF REVENUES - GENERAL FUND**  
**For the Year Ended February 29, 2004**

	<u>Amended Budget</u>	<u>Actual</u>
<b>REVENUES</b>		
Taxes		
Property taxes	\$ 120,229	\$ 98,317
Penalties and interest	<u>1,500</u>	<u>2,586</u>
	121,729	100,903
Licenses and permits	2,000	953
Intergovernmental revenues		
State shared revenues	67,919	68,850
Liquor license fees	<u>700</u>	<u>597</u>
	68,619	69,447
Charges for services		
Ordinance fines	---	673
Interest	---	60
Miscellaneous		
Equipment rental	---	10,186
Miscellaneous	<u>2,157</u>	<u>39,637</u>
	<u>2,157</u>	<u>49,823</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 194,505</u></u>	<u><u>\$ 221,859</u></u>

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**SCHEDULE OF EXPENDITURES – GENERAL FUND**  
**For the Year Ended February 29, 2004**

	<u>Amended Budget</u>	<u>Actual</u>
<b>EXPENDITURES</b>		
General government		
Village council	\$ 4,620	\$ 3,889
President	2,260	2,100
Other executive activities	1,200	1,178
Elections	240	211
Clerk	12,075	11,983
Treasurer	7,431	7,288
Other general government	30,800	36,302
Village hall and grounds	7,900	12,781
	<u>66,526</u>	<u>75,732</u>
Public safety		
Police	51,700	50,808
Fire protection	100	100
	<u>51,800</u>	<u>50,908</u>
Public works		
Department of public works	55,077	56,368
Sidewalks	6,500	6,350
Drains	16,025	13,294
Street lights	6,270	5,865
	<u>83,872</u>	<u>81,877</u>
Recreation and culture		
Parks and recreation	10,500	11,173
Museum	4,800	4,737
	<u>15,300</u>	<u>15,910</u>
Capital outlay	<u>6,000</u>	<u>5,950</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 223,498</u></u>	<u><u>\$ 230,377</u></u>

**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS**  
**February 29, 2004**

	<u>Major Street</u>	<u>Local Street</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ ---	\$ 9,020	\$ 9,020
Accounts receivable	4,347	1,901	6,248
Due from other funds	<u>2,963</u>	<u>6,355</u>	<u>9,318</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,310</u></u>	<u><u>\$ 17,276</u></u>	<u><u>\$ 24,586</u></u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,033	\$ ---	\$ 1,033
Other current liabilities	<u>2,029</u>	<u>---</u>	<u>2,029</u>
<b>TOTAL LIABILITIES</b>	<u>3,062</u>	<u>---</u>	<u>3,062</u>
<b>FUND EQUITY</b>			
Unreserved			
Undesignated	<u>4,248</u>	<u>17,276</u>	<u>21,524</u>
<b>TOTAL FUND EQUITY</b>	<u>4,248</u>	<u>17,276</u>	<u>21,524</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 7,310</u></u>	<u><u>\$ 17,276</u></u>	<u><u>\$ 24,586</u></u>

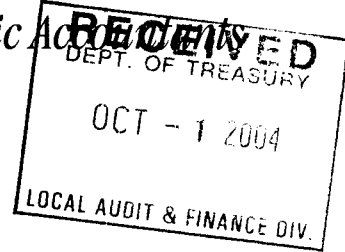
**VILLAGE OF BLOOMINGDALE, MICHIGAN**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – SPECIAL REVENUE FUNDS**  
**For the Year Ended February 29, 2004**

	<b>Major Street</b>	<b>Local Street</b>	<b>Total</b>
<b>REVENUES</b>			
Property taxes	\$ 6,065	\$ 5,654	\$ 11,719
Intergovernmental revenues			
Act 51	37,929	11,303	49,232
Interest	8	6	14
Miscellaneous	100	182	282
<b>TOTAL REVENUES</b>	<b>44,102</b>	<b>17,145</b>	<b>61,247</b>
<b>EXPENDITURES</b>			
Routine street maintenance	12,388	34,449	46,837
Winter maintenance	336	323	659
Administration	1,216	311	1,527
Traffic services maintenance	1,361	---	1,361
<b>TOTAL EXPENDITURES</b>	<b>15,301</b>	<b>35,083</b>	<b>50,384</b>
<b>EXCESS (DEFICIENCY) OF</b>			
<b>REVENUES OVER EXPENDITURES</b>	28,801	(17,938)	10,863
Fund equity (deficit) at beginning of year	(24,553)	35,214	10,661
<b>FUND EQUITY AT END OF YEAR</b>	<b>\$ 4,248</b>	<b>\$ 17,276</b>	<b>\$ 21,524</b>



# Seber, Tans, Dillenbeck, Howard & Craft, PLC

Consultants & Certified Public Accountants



July 13, 2004

To the Village Council  
Village of Bloomingdale, Michigan

In planning and performing our audit of the financial statements of Village of Bloomingdale, Michigan (the Village) as of and for the year ended February 29, 2004, we considered the Village's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of one particular matter that will have a significant impact on the accounting function of the Village. This matter is described in the following paragraphs.

## GASB Statement No. 34

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB No. 34 establishes new financial reporting requirements for state and local governments throughout the United States. Major components of GASB No. 34 include:

- *Management's Discussion and Analysis (MD&A)* will precede the basic financial statements and provide an analysis of the Village's overall financial position and results of operations, including (1) a comparison of the current year to the prior year based on government-wide financial information about assets, liabilities, revenues and expenses, (2) an explanation of significant variations in actual vs. budgeted results of operations on a fund by fund basis, (3) a description of the activity in capital asset and long-term debt accounts during the current year, and (4) a conclusion summarizing currently known facts, decisions, or conditions that are expected to significantly effect the Village's future financial position and results of operations.
- *Government-wide financial statements* will be included with the Village's annual report using full accrual accounting for all of the Village's activities. Such information will be presented on a functional basis in an effort to show the extent to which various programs either contribute to or draw from the general revenues of the Village. The Village will report all capital assets, including depreciation expense – the cost of "using up" capital assets, – in the government-wide financial statements.
- *Fund-based financial statements* will be presented for the Village's major funds – defined as any fund whose revenues, expenditures/expenses, assets, or liabilities are at least 10% of the total for their fund category or type (i.e., governmental or enterprise) and at least 5% of the aggregate amount for all governmental and enterprise funds – using the current

modified accrual basis of accounting. This presentation will be similar to the Village's current financial statements, excluding budgetary information.

- *Required supplementary information* will be expanded to include a budgetary comparison schedule detailing the Village's original and final budget, and its actual results of operations.

The Village will be required to comply with this new reporting standard during the year ended February 28, 2005. The Village's management must begin planning for the new requirements now. We are very familiar with the new standard and will be pleased to offer our assistance to ensure the Village is in compliance with the new standard within the designated time frame.

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We will review the status of this comment during our next audit engagement. We have already discussed this comment with various administrative and management personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Sincerely,

*Seber Tans Dillenbeck Howard & Craft PLC*

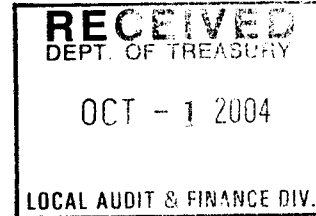
Seber Tans Dillenbeck Howard & Craft, PLC





# Seber, Tans, Dillenbeck, Howard & Craft, PLC

*Consultants & Certified Public Accountants*



July 13, 2004

To the Village Council  
Village of Bloomingdale, Michigan

In planning and performing our audit of the financial statements of Village of Bloomingdale, Michigan (the Village) for the year ended February 29, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

The Village does not have enough accounting personnel to provide for adequate segregation of duties. However, review procedures established by the Village Council are adequate to provide acceptable internal control over the Village's assets.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 2004 financial statements, and this report does not affect our report on those financial statements dated July 13, 2004. We have not considered internal control since the date of our report.

This report is intended solely for the information and use of the Village Council, management, and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

*Seber Tans Dillenbeck Howard & Craft PLC*

Seber Tans Dillenbeck Howard & Craft, PLC

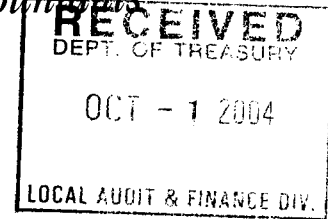


# Seber, Tans, Dillenbeck, Howard & Craft, PLC

*Consultants & Certified Public Accountants*

July 13, 2004

To the Village Council  
Village of Bloomingdale, Michigan



We have audited the financial statements of Village of Bloomingdale, Michigan (the Village) as of and for the year ended February 29, 2004, and have issued our report thereon dated July 13, 2004. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 1, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

## Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transaction for which there is a lack of authoritative guidance or consensus.

## Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our audit procedures included inquiries about, and a review of, significant management judgments and accounting estimates.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, we proposed numerous audit adjustments recorded by the Village, that either individually or in the aggregate, indicate matters that could have a significant effect on the Village's financial reporting process. The majority of such adjustments related to balancing interfund receivables and payables and the allocation of shared expenses. All proposed audit adjustments were recorded by management.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principals and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

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This information is intended solely for the use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

*Seber Tans Dillenbeck Howard & Craft, PLC*  
Seber Tans Dillenbeck Howard & Craft, PLC  
Kalamazoo, Michigan